

Press release

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Accelerating the “ChangeToFit” transformation strategy

The BRUGG Group is accelerating the “ChangeToFit” transformation strategy of the Cables Division that was launched at the beginning of this year and is exploring a possible sale or partial sale. Brugg Cables is continuing the successfully initiated transformation from a traditional cable manufacturer to a multifaceted systems and solutions provider as a means of ensuring the successful future of the Division.

In view of local site factors and the global market situation, Brugg Cables launched the “ChangeToFit” strategy at the beginning of 2019. This strategy mainly involves cost optimisation measures and organisational adjustments to ensure the successful future of the Division.

The worldwide market consolidation of cable manufacturers is continuing. The addition of local cable production facilities in export markets has led to local and global overcapacities. As a result, prices remain under considerable pressure. The BRUGG Group can barely influence the site factors at the Brugg production facility: Currencies, logistical challenges and high site costs compared to other countries are the main factors that are increasingly making production difficult at the Brugg site.

Strategic partners for the cable business

Based on the global market situation and especially the insights gained from the positive strategy implementation in the last four months, the BRUGG Group is currently looking for one or more strategic partners to help implement the strategy and further development of the cable business. Different options are being explored; even a sale or partial sale of the Cables Division is not out of the question. In this process, the BRUGG Group is being advised by the PricewaterhouseCoopers AG (PwC) consulting firm in Zurich.

It has not yet been determined which parts of the cable production business will be continued by third parties in the future after the sale of the Cable Division. The Group is working on selling selected parts of the cable production business to third parties. Until that time, existing customer orders will be filled with self-produced cables. New orders in the high-voltage and ultra-high voltage segments will be filled with existing and new partners.

The “ChangeToFit” transformation strategy is being implemented at an accelerated rate, which also involves an intensive increase of production of cable fittings and industrial cable systems. The existing Brugg Cables service offering, including engineering and project management, as well as installation and repairs, will be expanded further, as will sales of low-voltage and medium-voltage cables and accessories.

Effects on the site at Brugg

At the end of 2018, the BRUGG Group had a total of 1'900 employees worldwide, including 1'200 in Switzerland. Around 700 employees worked in Aargau Canton, including 380 who worked for Brugg Cables.

The workforce of the Cables Division has been reduced by around 50 employees after the start of the "ChangeToFit" future program in January 2019. Further reductions will be implemented in stages and should be completed by the middle of 2020.

Because Brugg Cables will reduce cable production to a greater extent than originally planned, roughly 60 additional employees are now expected to be affected besides the 120 jobs announced in January. Subject to the initiated consultation process, a total of around 180 jobs will be eliminated by 2020, based on the current planning status. Existing social plans will be adjusted or new ones formulated.

Brugg Cables to become the leading supplier in the cable systems business

Brugg Cables will refocus on the market as a systems and solutions provider. Local cable manufacturers in fast-growing markets have further increased the worldwide capacity of energy cable production. "These cable manufacturers have a great need for cable-related services," said Samuel Ansoerge, the CEO of Brugg Cables.

By realising and developing innovative system solutions, Brugg Cables will be able to offer and deliver an even better portfolio based on innovative cable fittings, cooled quick-charging cables for electric vehicle charging poles and "smart" cable systems. "We are convinced that this step will ensure the future of the entire Cables Division," Samuel Ansoerge noted.

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Pictures:

Picture 01_Production



Caption: Universal stranding machine -Cable production site at Brugg

Picture 02_Building



Caption: Building exterior location at Brugg

Brugg Kabel AG - About the company:

Since it was founded in 1896, Brugg Kabel AG, which now operates under the name Brugg Cables, has developed into the largest company within the Brugg Group and is a leading cable manufacturer in Switzerland. The Brugg Group is controlled by the Suhner and Wartmann families which hold a majority stake and has 1,900 employees worldwide. Brugg Cables is represented internationally by its own sales companies or agents. The company offers customers a complete portfolio of products for power supply ranging from system business with high-voltage cables with corresponding couplers and cable sealing ends, through medium and low-voltage cables and fittings.

At the same time, Brugg Cables is one of the few cable manufacturers worldwide capable of producing cable systems and accessories for the present highest voltage level of 550 kilovolts. The company is headquartered in Brugg in Switzerland.